

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

**ILLINOIS BELL TELEPHONE COMPANY (Ameritech Illinois)
and Allegiance Telecom of Illinois, INC.**

OFFICIAL FILE

**Joint Petition for Approval of the Fourth Amendment to the
Negotiated Interconnection Agreement dated
August 14, 2000, pursuant to 47 U.S.C. §§ 252**

I.C.C. DOCKET NO. 00-0674 00-0674
STAFF Exhibit No. A
Witness _____
Date 11/1/00 Reporter Jsw

VERIFIED STATEMENT OF QIN LIU

My name is Qin Liu and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I graduated from Northwestern University with PH.D in Economics, and my main area of specialization is Industrial Organization. Among my duties as a Policy Analyst is to review negotiated agreements and provide a recommendation as to their approval.

SYNOPSIS OF THE AGREEMENT

The agreement between ILLINOIS BELL TELEPHONE COMPANY (Ameritech Illinois) and Allegiance Telecom of Illinois, INC (Allegiance), dated August 14, 2000 is the fourth amendment to the existing Interconnection Agreement between the two parties. The fourth amendment adds and changes language of the existing Interconnection Agreement between the two carriers.

The existing Interconnection Agreement will be amended to reflect changes in FCC rules, such as the FCC's Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98 (FCC 99-238) ("UNE Remand Order"), including the FCC's Supplemental Order issued in CC Docket No. 96-98 (FCC 99-370)

(rel. November 24, 1999) ("Supplemental Order") and the Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. December 9, 1999) ("Line Sharing Order").

To reflect these FCC orders, the parties add Appendix DSL, Appendix UNE Remand and an accompanying pricing schedule.

The purpose of my verified statement is to examine the agreement based on the standards enunciated in section 252(e)(2)(A) of the 1996 Act. Specifically, this section states:

The State commission may only reject an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that :

- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
- (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

I APPROVAL UNDER SECTION 252(e)

A. DISCRIMINATION

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement.

Discrimination is generally defined as giving preferential treatment. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as

provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be a similarly situated carrier for purposes of this agreement if telecommunications traffic is exchanged between itself and AMERITECH ILLINOIS termination on each other's networks and if it imposes costs on AMERITECH ILLINOIS that are no higher than the costs imposed by Allegiance. If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory. Evaluating the term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, Microeconomics, 6th Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

B. PUBLIC INTEREST

The second issue that needs to be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission orders, and state and federal law to determine if the agreement is consistent with the public interest.

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs ("LRSICs"). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the Commission's pricing policy. All of the services in this agreement are priced at or above their respective LRSICs. Therefore, this agreement should not be considered economically inefficient.

Nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve this agreement.

II IMPLEMENTATION

In order to assure that the implementation of the AMERITECH-Allegiance agreement is in the public interest, AMERITECH should implement the Agreement by filing a verified statement with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved Agreement is the same as the Agreement filed in this docket with the verified petition; the Chief Clerk should place the Agreement on the Commission's web site under *Interconnection Agreements*. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of AMERITECH tariffs should reference the AMERITECH-Allegiance Agreement: Agreements with Telecommunications Carriers (ICC No. 21 Section 19.15).

For the reasons enumerated above, I recommend that the Commission approve this agreement pursuant to Section 252(e) of the Telecommunications Act of 1996.

VERIFICATION

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I, QIN LIU, do on oath depose and state that if called as a witness herein, I would testify to the facts contained in the foregoing document based upon personal knowledge.

Qin Liu

SIGNED AND SWORN TO BEFORE ME THIS 30th DAY OF
October, 2000.

Frances J. Adcock
NOTARY PUBLIC

